



SUMMER SEMINAR ON WORLD AFFAIRS 2009

The Situation:

With a new administration in Washington, the United States has signaled that it will undertake many new foreign policy directions, but has yet to announce comprehensive European foreign policy, or even broad plans for many areas of concern to European leaders. One of its first challenges is using the personal popularity of this President to overcome some of the rifts caused by the unpopular policies of the previous administration and by indicating that divide between “old and new Europe” is over in the eyes of Washington. The President will also try to use his honeymoon period, personal popularity, and willingness to change direction on Iraq, Guantanamo Bay, and other policies unpopular with Europeans to make requests of leaders for greater military and economic assistance on the tasks that *do* remain, such as combating the Taliban in Afghanistan and promoting democracy in the Middle East and further into the former Soviet Republics.

At the European Union (EU) level, the stage is set for a great deal of political change in 2009. The Europeans have just completed hosting of the G20 Summit, the NATO summit, and a semi-annual EU summit, all of which were attended by President Obama. On June 7, the European Parliament (EP) held EU-wide elections over four days that resulted in a stronger presence for the center-right coalition of parties known as the European Peoples’ Party (EPP). The election also saw an overall decrease in voter turnout, which is a symptom of voter apathy and disinterest in the EU, as well as a trend in voters using EP elections to express their preferences and frustrations to *national* leaders. We have also seen national elections in which, despite poor economic conditions that normally favor parties of the left, have resulted in electoral gains for conservative parties across Europe, as voters signal their frustration with the global economic situation’s impact on their home countries.

By autumn, the European Union will also seat new Commissioners (e.g., the EU’s cabinet), which must be approved by the Parliament. Negotiations among member states will take place over the summer for these seats and the portfolios of work associated with them. Between the EP elections, the national elections, the Commission reappointment, and recurring tensions at the core of the EU’s largest member states (specifically between France and Germany) progress on key EU priorities, such as passing the Lisbon reform treaty and managing global financial responses, will be slow, muted, and uncoordinated. National and EU leaders alike have lost support as economic conditions continue to deteriorate.

The world financial situation has illustrated the full effects of today’s globalization. We see that the GM shutdown in America sends shockwaves through business and governments alike across Europe whose supporting industries are now imperiled. While most of Europe has been spared the worst of our housing and credit problems, the manufacturing and consumer slowdowns, the decrease in tourism, and the tremors in the world financial markets have meant that no corner of Europe has been immune to the financial crisis. However, not all countries have fared equally well in their ability to respond or to sustain these shockwaves, with Eastern European and selected other states (i.e., Iceland, Baltic states) especially hard hit and with no clear economic bailout source in sight.

FOREIGN POLICY SCENARIO

The Future of U.S.-European Relations

The United States, perhaps hardest hit among developed states, has been a champion of rapid and significant stimulus spending. This is in stark contrast to our European counterparts. The EU as a whole has not offered much in a coordinated financial crisis response, with even the European Central Bank (which oversees the euro currency) struggling with how to manage the competing pressures of controlling inflation (the U.S. style) or managing funds to protect jobs (its preference). European countries, notably France and Germany, argue that their models of greater state involvement in the economy, greater taxation, and greater worker protection have allowed them to better weather this financial crisis, especially in the near term, and that a rapid stimulus infusion is the wrong approach. They have made more limited government investments and taken a “wait and see” approach as they watch for market corrections. In short, this is a disagreement as much about economic models and the *role of the state in the economy* as it is about specific policy responses. On both sides of the Atlantic, leaders are calling for caution against “economic nationalism” (i.e. protectionism, such as “Buy American”) and challenges to trade deals in the World Trade Organization (WTO).

While economic challenges occupy headlines, security challenges continue to occupy the minds of planners in the U.S., NATO, and capitols, across Europe. Many pundits have presented the U.S. as focused on “hard power” solutions and Europeans as interested only in “soft power,” or diplomatic, responses to international problems. The reality is more complicated. The U.S. may be the largest military spender and provider within NATO, but with France reassuming full status in NATO and the organization having responsibility for the Afghanistan commitments, this is not solely a U.S. affair. Indeed, President Obama has called on Europe to turn a new page in their relationship and provide new commitments to Iraq (especially in the form of civilian advisors and funding), Guantanamo Bay (by accepting prisoners since Europe has strongly advocated closing the facility, which President Obama has agreed to do), and most notably in Afghanistan, where NATO needs both a troop surge and a “civilian surge” in the form of advisors, engineers, and others to rebuild the infrastructure of the country from roads to democratic government. Finally, all of these engagements require additional funding, a particularly difficult request in strained financial times.

Europeans are certainly sensitive to all of these requests although not always willing to oblige. They are often better positioned to respond to diplomatic engagements and have been both philosophically and politically opposed to a number of choices the U.S. has made in combating terrorism. The EU has been an advocate for peace and democracy and a strong negotiator in a number of instances where the U.S. has not been able to play the leading diplomatic role. For the many European countries, another immediate concern in proximity and intensity is its neighbor Russia, which is able to pose a risk both militarily and economically in the form of energy threats, such as turning off access to Russian gas and oil, which Russia has shown its willingness to do. Add to this other regional conflicts still festering in the former states of Yugoslavia, former Soviet states like Georgia, and the positioning of missiles near the Polish border, and the resurgence of Russia seems very real to those at the perimeter of the EU and NATO.

The U.S. and Europe both discuss a “green agenda” and increasing energy security. These two items have not yet merged into a single platform, and each side means something different by “green” policy, but there is a growing consensus on the need to release each side from major dependence on a single source of oil (namely the Middle East and Russia) for economic, political, and security reasons. There is also the growing economic interest in alternative energies. Each side sees the role of the state in fostering these technologies differently. Within the European Union, there are wide discrepancies in the support for



FOREIGN POLICY SCENARIO

The Future of U.S.-European Relations

nuclear power and the U.S. position is unclear on this as well. Finally, in this discussion, the EU and U.S. are major subsidizers of their agricultural industries, which promote new industries (organics) while protecting others. This has trade implications in our negotiations with one another as each side protects selected areas. It also unites the U.S. and E.U. against the developing world that sees these protections as unfair trade advantages.

The U.S. is being asked to stake out its foreign policy on a wide array of issues in the most uncertain of times. Not discussed in this transatlantic overview are the pressures of new players in the international political and economic arenas such as the BRICs (Brazil, Russia, India and China) along with the historical trading relationships EU member states have with former colonies. However, the U.S. has much to ask of its European allies and has great expectations of those with whom it has long enjoyed a special relationship. For what the U.S. should ask, of whom, when, and what we should concede in turn, are the tasks on which you must now advise the President upon his return from recent rounds of international engagements.

The Questions:

The President has asked key leaders in his cabinet, especially in the Departments of State, Defense, Commerce and Energy, for a rapid review of our foreign policies with Europe in the wake of his recent round of summits. He asked for advice on the following areas:

1. What areas of strength in our relationship should we continue to emphasize and cultivate? Where are the divisions insurmountable and what issues may present opportunities for creative collaboration?
2. Both President Obama and European leaders are confronted by a “two-level game” – the need to handle complicated and pressing domestic policy matters while still confronting major international concerns. What messages should Obama communicate at home and to European allies about the global economic conditions and what his administration believes are the actions for addressing the global financial crisis?
3. As we prepare for additional summits – Copenhagen (on the environment), Doha (trade), and other opportunities such as Middle East deliberations – what areas of common policy might we approach as a united front? In what areas should we expect division or opposition, and how might we manage that so as not to damage these important meetings?
4. On matters of international security, how should the U.S. balance its existing engagements and needs in Afghanistan, Iraq and in combating terrorism, with Europe’s concerns about Russia’s resurgence and conflicts closer to their “home front”?

